

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

MAR 21 1997

DOCKET FILE COPY ORIGINAL

FCC MAIL ROOM

In the Matter of)
)
Implementation of Section 273 of the) CC Docket 96-254
Communications Act of 1934, as amended)
by the Telecommunications Act of 1996)

REPLY COMMENTS OF

Pulse Communications, Inc.
2900 Towerview Road
Herndon, VA 20171

SUMMARY

Pulse Communications (Pulsecom), a manufacturer of telecommunications equipment sold to telecommunications service providers including the Bell Operating Companies (BOCs), files these comments in reply to comments filed by The Telecommunications Industry Association (TIA) and Northern Telecom (Nortel) in response to the FCC's Notice of Proposed Rulemaking (NPRM). We submit these comments in support of both TIA's and Nortel's requests that, with regard to Paragraph 54 of the NPRM, funding arrangements established by non-accredited standards organizations should not consist of singular, large "up-front" or "front loaded" payments from parties interested in participating in the establishment of an industry-wide standard or generic requirement. We believe that such funding arrangements, and in particular the current method being utilized by Bellcore for their "GR" process, make it very difficult if not impossible for small companies to materially participate in the standards setting process.

COMMENTS OF PULSE COMMUNICATIONS, INC.

Pulsecom can be categorized as a small to medium-sized (under \$200 million annual sales) manufacturer of telecommunications products. We were founded in 1963 and in 1972 were purchased by and became a division of Hubbell Incorporated, Orange, Connecticut. Our primary products today are digital trunk carrier multiplexers (typically known as D4 channel banks) and digital subscriber loop multiplexers (typically known as digital loop carrier or DLC systems) which are found in SIC 36613. Pulsecom's customers include the seven Regional Bell Operating Companies (RBOCs), telecommunications equipment distributors, independent telephone operating companies, competitive access providers and non-U.S. telephone service administrations. Currently much of Pulsecom's business is derived from the RBOCs.

Being a provider of equipment to the RBOCs, Pulsecom's continuing business is very dependent upon our compliance with numerous Bellcore technical references and/or generic requirements. In fact, we have supply contracts in place with six of the seven RBOCs which have sections stipulating that we must agree to comply with, depending on the RBOC, anywhere from two to fifty Bellcore requirements documents. These Bellcore requirements cover everything from how printed circuit boards must be manufactured to how we should manage our workforce. The RBOCs with which we have these agreements have the right to cancel these contracts and stop purchasing from us if they find we are not complying with these Bellcore requirements documents. Therefore, the content of many Bellcore technical references/generic requirements and our ability to materially participate in the development and/or substantial modification of such content is vitally important to our ongoing business.

In their comments to the FCC's Notice of Proposed Rulemaking¹ (NPRM), both Nortel and TIA express concern with funding arrangements of non-accredited standards development organizations (NASDOs) that require substantial "up-front" or "front loaded" payments by parties interested in participating in the establishment of an industry-wide standard or generic requirement². We agree with this and particularly support TIA's request that "the Commission should consider prescribing the use of a 'sliding scale' approach to funding....where member dues are based on revenues and voting rights are allocated on a 'one vote per company basis.'"³ We believe that this is much more realistic and certainly more in line with the spirit of the statute language requiring that funding and participation arrangements of NASDOs for establishment or substantial modification to industry-wide standards or generic requirements be "administered in such a manner as not to unreasonably exclude any interested industry party."⁴

As a specific example of the problem that can arise without the Commission defining more clearly what types of funding arrangements will be deemed "reasonable and non-discriminatory"⁵, as opposed to concluding that such a requirement is "self explanatory"⁶, we offer our recent experience with Bellcore's *Invitation to Fund and Participate* process for two generic requirements that they are updating.

¹ Notice of Proposed Rulemaking, In the Matter of Implementation of Section 273 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, CC Docket 96-254, FCC 96-472, 62 Fed. Reg. 3638 (January 24, 1997).

² TIA Initial Comments, CC Docket 96-254, at 40, and Nortel Initial Comments, CC Docket 96-254 at 12.

³ TIA comments, *Id.*

⁴ 47 U.S.C. § 273(d)(4)(A)(ii).

⁵ *Id.*

⁶ NPRM, Paragraph 54.

In the January 1997 Issue of the Bellcore Digest of Technical Information, several *Invitation to Fund and Participate* notices were published. Pulsecom responded to two of these for additional information, one regarding GR-78-CORE ("Generic Physical Design Requirements for Telecommunications Products and Equipment") and the other regarding TR-NWT-000418, Issue 2 ("Generic Reliability Assurance Requirements for Fiber Optic Transport Systems"). This was our first exposure to Bellcore's relatively new *Invitation to Fund and Participate* process.

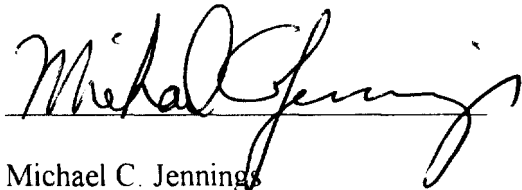
We were promptly contacted by Bellcore by email and telephone with information on the process we must follow to participate in the development of these two generic requirements documents. We were informed that the cost to participate in the development of GR-78 would be \$50,000 and that the cost to participate in the development of TR-NWT-000418 would be \$64,600. This was followed up by written correspondence from Bellcore that included the pricing along with Bellcore Technical Forum procedures and Bellcore Technical Forum Antitrust Guidelines.⁷

Needless to say this pricing is far too expensive for a company of our size. If we extrapolate this to the worst case of our desiring to participate in the development of the fifty Bellcore requirements documents specified in one of our RBOC supply contracts, using an average of the two prices we were quoted of \$57,300, we would be looking at over \$2.8 million. Even if stretched out over multiple years this would be an extraordinary expense. Our reaction to this is that the development of Bellcore sponsored generic requirements will be relegated to the truly large corporations if this type of pricing remains in place.

⁷ Letters dated February 26, 1997 and February 28, 1997, from F. Sandroff, Director, Physical Design, Components and Failure Analysis, Bellcore, to M. Jennings, Vice President, Quality and Customer Service, Pulsecom.

Upon raising this concern with Bellcore we were informed that the current pricing is based upon the price offered to Bellcore's owners (the BOCs) for Bellcore's 1997 work program and that to now offer the projects at a different buy-in price to others would be unequitable and discriminatory to the BOCs.⁸ This seems to not fully consider the discriminatory effect of such price levels on smaller companies. Yet, Bellcore went on to say that "If ways of using a variable pricing structure that is 'reasonable, fair and non-discriminatory' can be found, we certainly would consider them going forward."⁹ We encourage the Commission to help Bellcore find funding arrangements that are less prohibitive.

Submitted by:



Michael C. Jennings
Vice President, Quality and Customer Service
Pulsecom
2900 Towerview Road
Herndon, VA 20171
703-471-2960
mjennings@pulse.com

Dated: March 20, 1997

⁸ Electronic mail dated March 4, 1997 from J. Gunn, GR Process Manager, Bellcore to M. Jennings, Pulsecom.

⁹ *Id.*